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RE: RR 12L-06

Dear Mr. Jordan and Ms. Rawls:

This memorandum is provided in response to the letter received by Donald W. Bohn in his capacity as treasurer for Johnson & Johnson PAC ("the Committee") regarding matter RR 12L-06 (the "Referral"). We are writing to provide the Office of the General Counsel (the "General Counsel") with a better understanding of the circumstances surrounding the Referral and to request that the Referral either be dismissed with no further action taken by the Federal Election Commission ("FEC" or "Commission") or, alternatively, referred to the Commission's Alternative Dispute Resolution Office.

OFFICE OF THE
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
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In order to fully describe the issues surrounding the Referral, it is necessary to disclose certain sensitive information about the medical condition of a Johnson & Johnson Employee, . In light of this difficult situation, we request that the information contained in this memorandum remain confidential and not be shared with any party outside of the Commission.

Issue

The Reports Analysis Division referred the Committee to the General Counsel as a result of the Committee's amendments of its February and March 2011 Monthly Reports, disclosing additional receipts and disbursements totaling \$155,028.46.

Causes of Reporting Errors

The Committee's reporting problems stemmed primarily from the confluence of two events: (1) technical difficulties relating to a change of outside reporting service providers from Vocus to DDC and (2) the onset of a serious illness in the individual principally responsible for preparing and filing the Committee's reports. These two issues resulted in the Committee inadvertently filing inaccurate February and March 2011 Monthly Reports. However, the Committee promptly took steps to amend these reports as soon as the problems were recognized and the correct data was available to report. Furthermore, the Committee has implemented new policies and procedures to ensure that this problem does not recur.

As of January 1, 2011, the Committee ceased its engagement of Vocus as its outside reporting service provider and engaged DDC to assist in the preparation of its FEC reports. Accordingly, at that time, payroll data was no longer entered into the Vocus system and was provided to DDC. The Committee's outside payroll service provider initially encountered difficulty conforming its information technology protocols to DDC's requirements. This difficulty resulted in the provider sending improperly formatted payroll information files to DDC.

As the Committee prepared to file its March Monthly Report, the problem with the February Monthly Report was discovered. On March 18, 2011, the Committee filed both its March Monthly Report and an amended February Monthly Report. The amended February report correctly adjusted the Committee's receipts for January; however, disbursements were still

underreported by \$2,011.56. This discrepancy was caused by a data entry error relating to contribution checks written on January 10, 2011. These checks were signed and sent, but remained in the database listed as "Queued" instead of entered as disbursed. Accordingly, these contributions were omitted from the February Monthly Report. Meanwhile, the March Monthly Report underreported both receipts, as a result of continued problems with the format of the file provided to DDC by Johnson and Johnson's payroll vendor, and disbursements, resulting from the same data entry error described above that recurred with respect to the checks written on February 10, 2011. her position likely contributed to the Committee's failure to detect and cure these problems.

was the person principally responsible for maintaining the necessary information and filing the reports, and she was the only person intimately familiar with the information and the relevant procedures. Therefore, her understandable distraction and eventual absence made it difficult for the Committee to properly prepare and review its filings.

As a result of the problems with the February and March Monthly Reports, the Committee initiated an internal investigation into its reporting function. Having completed a thorough review of its records and compiled all missing information, on October 3, 2011, the Committee filed (1) a second amended February Monthly Report that included the missing disbursements and (2) an amended March Monthly Report correctly adjusting the receipts and disbursements. These amendments were filed as soon as it was possible for the Committee to ensure that its data was complete and correct, in an attempt to fully comply with the Committee's reporting obligations. At no time was there any intent to not disclose the Committee's activity in full. Furthermore, as noted in the Referral, the Committee was responsive to the Commission's requests for additional information – filing timely responses to the RFAs and participating in three telephone calls with the Committee's RAD analyst, Quy Vuong, in an attempt to provide as much information as possible about the problems with the reports. We note that the February 2, 2012 telephone call was followed up by a letter to Mr. Vuong, dated February 9, 2012, reiterating the substance of the conversation and our position on the matter. Unfortunately, this letter was not included in the Referral.

Remedial Efforts

The inadvertent reporting errors that surfaced in the February and March Monthly reports were caused by illness and difficulties resulting from the Committee's transition from Vocus to DDC. The Committee takes its compliance regime very seriously and desires to continue to maintain its good compliance record. Accordingly, in response to these issues, the Committee has implemented a number of changes to ensure that these problems do not recur.

Specifically, the Committee has redistributed the responsibilities for preparing and filing reports to make the process less reliant on a single individual. In the future, should one person cease to be able to perform his or her responsibilities, there will be at least one other individual who is familiar with the systems and information required to file timely and accurate reports. Additionally, the transition to DDC has been fully implemented and payroll servicing is in the process of becoming an internal function at Johnson & Johnson, which will provide better quality control over tracking payroll deductions and, therefore, Committee receipts. Finally, the


DDC system implemented by the Committee as compared to the prior system is more automated, reducing the likelihood of data entry errors of the sort that contributed to the Committee's deficiencies in early 2011. Finally, the Committee, with the assistance of counsel, automatically reconciles its FEC reports with its internal records and bank statements each time a report is filed. Taken together, these improvements in its reporting regime should help to ensure that the Committee avoids a recurrence of the problems associated with the Referral and is able to file its reports in a timely and accurate manner.

Conclusion

In light of the extenuating circumstances surrounding the inadvertent reporting errors that are the subject of the Referral, coupled with the steps the Committee has taken to address the procedural weaknesses that exacerbated the problem, we request that the Referral be dismissed without further enforcement action being taken by the Commission. As described above, the errors cited in the Referral are not the result of systematic problems, but rather they are aberrational, caused by unusual circumstances not likely to recur. If the General Counsel determines that dismissal is not the appropriate course of action, we would suggest that Alternative Dispute Resolution is the best means by which to handle the Referral. The Committee is eager to demonstrate its understanding of the importance of its reporting obligations and that it has taken the appropriate measures to ensure its full compliance going forward.

Please contact us with any questions or requests for additional information.

Sincerely,



Kenneth A. Gross
Charles M. Ricelardelli